Weekly Economic Review

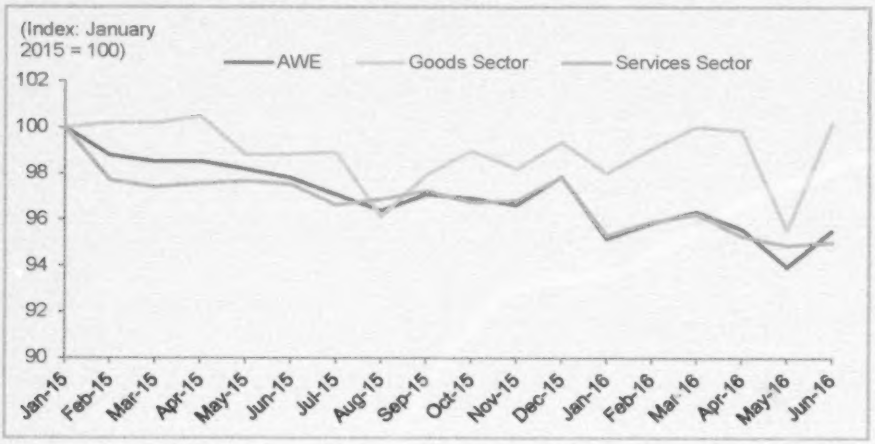
Weekly earnings still weak despite uptick

Average Weekly Earnings

Earnings growth remains relatively muted

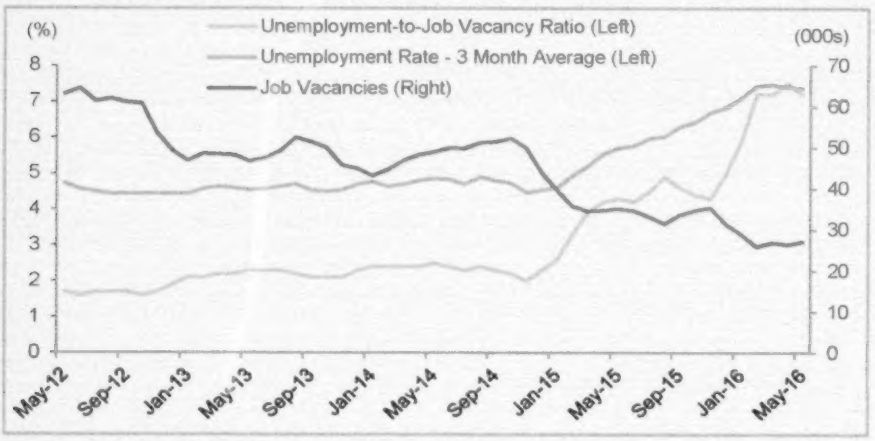
Alberta's average weekly earnings (AWE) ticked up 1.7% month-over-month (m/m) to $1,119 (Chart 1) in June, offsetting most of the drop from the previous month. However, earnings remain down 2.4% compared with the prior year. Earnings in the goods sector jumped 4.9% m/m to $1,631, supported by higher pay in the mining, oil and gas (3.4% m/m) and construction (+5.9% m/m) industries. However, large declines in forestry and logging (-18% m/m), and utilities (-11% m/m) limited earnings growth for goods-producing industries. Service sector earnings were up a mere 0.1% to $977, but have weakened since the start of 2016. Higher earnings in the arts, entertainment and recreation; business management; and transport and warehousing services were mostly offset by lower or nearly unchanged earnings in most other service industries. Despite the welcome monthly uptick, earnings were down 3.3% through the first half of 2016.

Chart 1: Earnings still stagnate despite some improvement in June
Change in indexed average weekly earnings



Source: Statistics Canada

Chart 2: Rise in vacancies pushes down unemployment-to-job vacancy ratio
Alberta labour market indicators



Source: Statistics Canada

Job Vacancies

Job openings still sparse

Over the three months ending in May, the average number of job vacancies in Alberta increased by 700 openings to 27,100. However, compared with May 2015, there were 7,900 fewer available jobs and only half the number of openings compared with the peak in October 2014. The job vacancy rate - the proportion of positions yet to be filled - was unchanged at 1.4% between April and May, but down 0.4 percentage points (pp) compared with May 2015. The uptick in vacancies helped lower the unemployment-to-job-vacancies ratio by 0.3 pp to 7.2 (Chart 2).

Wholesale Trade

Wholesale gets a slight reprieve

Alberta's wholesale trade increased to $6.2 billion in June, up 3.0% m/m. Wholesalers of machinery and equipment as well as building materials had the largest monthly gains. However, compared with the prior year wholesale trade remained down 7.6%, the sixteenth straight month of dwindling activity. The continued weakness partly reflects the impact of the Alberta

wildfire, with 12% of the companies surveyed by Statistics Canada confirming that they had been adversely impacted. Sales of machinery and equipment (-14% y/y) and building materials and supplies (-17% y/y) have been particularly weak.

Investment in New Housing Construction

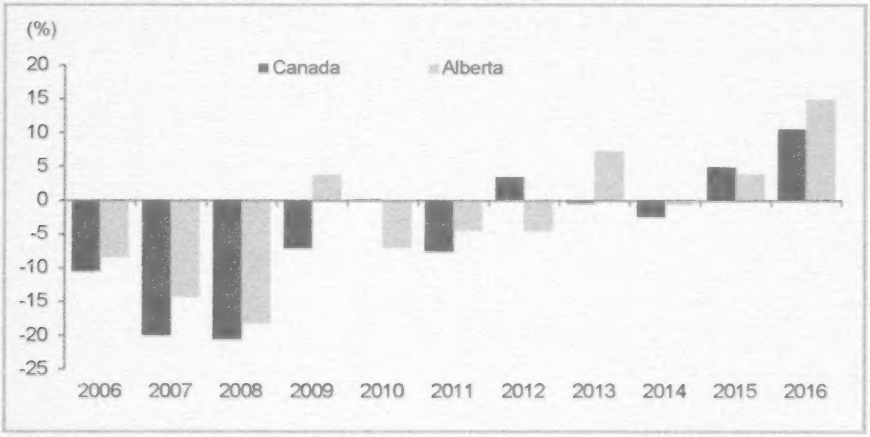
Residential property developers hold back on investing

Investment in new housing construction across Alberta totaled $641 million in June, the lowest level since March 2012 (Chart 3). On a year-over-year basis (y/y), new housing investment was down 30% and has been weakening for twelve straight months. The slowdown in residential construction has dampened investment in all dwellings types. Investment in single-family units was down 33% y/y while investment in apartments waned for the fourth consecutive month (-23% y/y). Over the first half of 2016, new housing investment has fallen 26%.

Chart 3: Steady slowdown in residential investment
Value of Alberta New Housing Investment

Source: Statistics Canada

Chart 4: Record number of same-day trips by US citizens so far this year
Year-to-date growth by June in same-day trips by US citizens



Sources: Statistics Canada

Travel

American day trips set new record

Alberta's travel industry continued to benefit from the weak Canadian dollar and low transportation costs. With the arrival of 139,666 travelers in June, the number of people directly entering Alberta from other countries was up 9.1% y/y, driven by an increase in US travelers (9.7% y/y). Single-day trips by US citizens was up 8.0% y/y, rounding out the first half of a year that has seen a record number of Americans heading north for quick visits (Chart 4). Same-day travel by US citizens throughout Canada was up compared with the first half of 2015 (+11%), the strongest inflow for the period since 1995. Travel from other countries has also grown substantially, up 8.1% y/y. Conversely, the low Loonie is discouraging Canadians from traveling abroad via Alberta to both the US (-3.4% y/y) as well as other international destinations (-13.7% y/y).

US Housing Market

Housing market growing stronger

The US market for new homes surged to 654,000 units sold (annualized) in July, up 12.4% m/m. The surge drove inventories of unsold new abodes down to the lowest level since June 2013. Conversely, after reaching the highest level since 2007 existing home sales declined for the first time since February, down 3.2% m/m to about 5.4 million units (annualized). The slowdown was reflected in lower sales of single-family (-2% m/m) and multi-family dwellings (-12% m/m). Despite the small monthly setback, robust sales over the past year have elevated the average price of existing homes by 5.3% y/y in July; prices have consistently strengthend since the start of 2012.

Contact

Robert Van Blyderveen 780.638.5628

Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.